IN THE

Supreme Court Of The United States

October Term, 1966

No. . . . . .

NATIONAL SURETY CORPORATION,
Petitioner

versus

THE UNITED STATES OF AMERICA for the use of
WAY PANAMA, S.A.,
Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

OPINIONS BELOW

The opinion of the District Court is reported in 238 F. Supp. 887 and is found in the printed record at pages 275-286. The opinion of the Court of Appeals for the Fifth Circuit has not yet been reported to Appellant's knowledge, but copies are attached hereto (Appendix A, infra).

JURISDICTION

The judgment of the Court of Appeals was entered on May 31, 1967. Petition for Rehearing was timely filed and was denied by the Court of Appeals on July 5, 1967. This Court has jurisdiction under 28 U.S.C.A. Sec. 1254 (1).

QUESTIONS PRESENTED

1. Did the Court of Appeals err in holding that because of the alleged intermingling, Ulhorn International, S.A. was not a subcontractor of Ulhorn Construction Company?

2. Did the Court of Appeals err in holding that the alleged intermingling created a direct contractual relationship between Appellee, Way Panama, S.A., and the contractor furnishing the payment bond, Ulhorn Company?

3. Did the Court of Appeals err in holding that the alleged intermingling made Ulhorn Construction Company and Ulhorn International, S.A., the latter a corporation, one and the same legal entity?

4. Did the Court of Appeals err in holding that Appellee did not have to give notice as required by the Miller Act? Title 40 U.S.C.A., Section 270b.

5. Did the Court of Appeals err in disregarding the corporate entity of Ulhorn International, S.A.?

6. Did the Court of Appeals err in holding that Ulhorn International, S.A. and Ulhorn Construction Company were essentially the same entity?

7. Did the Court of Appeals err in holding that the evidence justified disregarding the corporate entity of Ulhorn International, S.A.?

STATUTES INVOLVED

"Miller Act" (in pertinent part):

40 U.S.C.A., Section 270a. **Bonds of contractors for public buildings or works . . .**

(a) Before any contract, exceeding $2,000 in amount, for the construction, alteration, or repair of any public building

or public work of the United States is awarded to any person, such person shall furnish to the United States the following bonds which shall become binding upon the award of the contract to such person, who is hereinafter designated as "contractor":

(2) A payment bond with a surety or sureties satisfactory to such officer for the protection of all persons supplying labor and material in the prosecution of the work provided for in said contract for the use of each such person

Section 270b. **Same; rights of persons furnishing labor or material**

(a) Every person who has furnished labor or material in the prosecution of the work provided for in such contract, in respect of which a payment bond is furnished under section 270a of this title and who has not been paid in full therefor before the expiration of the period of ninety days after the day on which the last of the labor was done or performed by him or material furnished or supplied by him for which such claim is made, shall have the right to sue on such payment bond for the amount, or the balance thereof, unpaid at the time of the institution of such suit and to prosecute said action to final execution and judgment for the sum or sums justly due him: **Provided, however,** that any person having direct contractual relationship with a subcontractor but no contractual relationship express or implied with the contractor furnishing said payment bond shall have a right of action upon the said payment bond upon giving written notice to said contractor within ninety days from the date on which such person did or performed the last of the labor or furnished or supplied the last of the material for which such claim is made, stating with substantial accuracy the amount claimed and the name of

the party to whom the material was furnished or supplied or for whom the labor was done or performed.

STATEMENT OF THE CASE

This is a Miller Act case, arising out of a contract performed in the Canal Zone for the construction of the International Flight Service Station — Artcc Building in Balboa, Canal Zone. (R 23, 26).

Petitioner, National Surety Corporation, was surety on the payment bond issued by Ulhorn Construction Company as principal and payable to the United States Government, same being Standard Bond Form 25A, conditioned that:

> "If the principal shall promptly make payment to all persons supplying labor and material in the prosecution of the work provided for in said contract, and any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then this obligation to be void; otherwise to remain in full force and virtue." (R 19)

Respondent, Way Panama, S.A. delivered materials to a corporation called Ulhorn International, S.A.

No written notice was given by Respondent, Way Panama, S.A. to either William Baynes Ulhorn, d/b/a Ulhorn Construction Company, hereinafter called Construction, nor Ulhorn International, S.A., the corporation with whom it contracted, hereinafter called International, before the expiration of a period of ninety days after the day on which the last labor was done or material furnished as provided in the Miller Acts. (R 281)

REASONS FOR GRANTING WRIT

Summary

Certiorari should be granted because the Fifth Circuit's opinion herein is at variance with an opinion of the Supreme Court; because the Court of Appeals in this case has rendered a decision in conflict with the decisions of other Courts of Appeals on the same subject. The Writ should also be granted because the Appeals Court has decided important questions of federal law which have not been, but should be, settled by the Supreme Court. The Fifth Circuit Court of Appeal in this case has departed so far from the accepted and proper course of judicial procedure and has sanctioned such a departure by a lower court, as to urgently require an exercise of the Supreme Court's power of supervision.

The decision of the Court of Appeals in this case involves a standard Miller Act Payment Bond Form 25A, and therefore affects a multitude of construction contracts throughout the United States and could ultimately greatly increase the ultimate cost of construction to the federal government. The decision, as written, has effectively abolished, in a large number of situations, the limitations on the surety's liability plainly written into the Miller Act by Congress. In so doing, the Court of Appeals has clearly decided this case wrong, and created confusion and uncertainty in what should be a clear and certain area of law. The result is not only an injustice to the Petitioner, but will also have a profound and undesirable effect on federal construction wherever found.

CONTRACTUAL RELATIONSHIPS

Since Respondent admittedly gave no notice in this case, the issue clearly presented is whether it had a direct contractual relationship with a subcontractor but no contractual

relationship expressed or implied with the contractor "furnishing said payment bond". The Supreme Court has written on this language only once to petitioner's knowledge in **CLIFFORD F. MacEVOY CO. v U.S.**, 322 U.S. 102, 64 S. Ct. 890, 88 L. Ed. 1163, The Supreme Court said:

> ". . . The proviso of Section 2(a), which had no counterpart in the Heard Act, makes clear that the right to bring suit on a payment bond is limited to (1) **those materialmen,** laborers, and subcontractors who, **lacking express or implied contractual relationship with the prime contractor,** have direct contractual relationship with a subcontractor and who give the statutory notice of their claims to the prime contractor. **To allow those in more remote relationships to recover on the bond would be contrary to the clear language of the proviso and to the expressed will of the framers of the Act . . .**" (Emphasis added)

Any doubt as to what Congress meant when it said that persons having no contractual relationship express or implied with the contractor furnishing said Payment Bond must give notice of their claim in order to be entitled to collect, has long since been resolved. Two District Court cases have directly considered the question Congress meant when it specified an "express or implied contractual relationship with the prime contractor" in the Miller Act. Both cases decided that such proviso requires an express contract or a contract implied in fact. **UNITED STATES v MARYLAND CASUALTY COMPANY** (S.D. Cal., 1946) 64 F. Supp. 522; **UNITED STATES for the use of BRUCE CO., INC. v FRASER CONTR. CO.** (W.D. Ark., 1949) 87 F. Supp. 1.

More recently the Ninth Circuit Court of Appeals in following the clear language of the statute, the Supreme

Court's language in the MacEvoy case, supra, as well as the Maryland Casualty Co. and Bruce cases solidified the ruling law in the subject to be that the contract, express or implied, required by the Miller Act must be a contract **based on mutual consent between the parties.** In **FIDELITY AND DEPOSIT COMPANY OF MARYLAND v HARRIS** (9 Cir., 1966) 360 F. 2d 402, the Court clearly held that the word contract as used in the Miller Act required a contract "based on assent inferred from all the facts of the circumstances". In the Harris case, Dixon, the contractor furnishing the Miller Act Bond, executed a prime contract with the California Institute of Technology, and then subcontracted the excavation work to Harris. Harris in turn relet his **entire** excavation subcontract to Yost for a lesser sum than Harris was to be paid (note that this was a total assignment of Harris' subcontract, rather than a partial assignment, as was present between Construction and International). Yost rented excavating equipment from Paramount. Disputes arose during the process of construction between Dixon, the contractor furnishing the bonds and Harris, his immediate subcontractor. As a result of these disputes at the end of the job and after with drawal of both Harris and Yost, the intervening subcontractors, Paramount rented certain pieces of equipment at the cost of about $400.00 directly to the prime contractor, Dixon. Paramount was not paid by either Yost or Dixon and filed proper notices within the required ninety day period. Dixon did not pay anyone, Harris, Yost, or Paramount for the work covered by Paramount's ninety day Miller Act notice. On trial, Paramount contended that it was entitled to recover the amount of the rentals incurred by Yost, as well as those incurred by Dixon from Dixon's Miller Act surety. The question presented on that appeal which are relevant to the issues in this case were:

(1) Was Paramount entitled to recover **all** of its claim from Dixon on a quasicontractual basis?

(2) Was Paramount entitled to recover anything from Dixon's surety for rentals incurred by Yost?

The Court, in a sound and well reasoned opinion, held that Paramount was entitled to recover from Dixon, the contractor, himself, since Paramount had conferred a benefit on Dixon, the full amount of its claim based on quantum meruit under the theory of unjust enrichment. However, the Court held that Paramount could **not** recover the amount of its claim incurred by Yost from the Miller Act surety because the required contractual relationship was not present between Paramount and Dixon as to that portion of the claim. The Court thus specifically held that in spite of Harris' total assignment of his subcontract to Yost, Harris remained in the chain of subcontractors and had to be considered in determining with whom Paramount was in contractual privity and how far removed he was from the contractor who furnished the payment bond. Distinguishing the liability of the surety founded on the statute and contract from the liability of Dixon based on equitable principals said:

> "Such liability (the liability of Dixon to the debt incurred by Yost) is not in reality contractual in character, but is imposed in the absence of any privity between the parties or circumstantial evidence of contractual assent to prevent unjust enrichment."

One other District Court case has also directly interpreted the language under consideration. **UNITED STATES for the use of TEICHERT & SON v ANCHOR CONTRACTORS, INC.** (N.D. Cal. 1966) 257 F. Supp. 474 was a case in

which Myers entered into a contract with the government and furnished the standard form 25A Miller Act Bond. Three days after the execution of the bond, Myers entered into a contract with Defendant Anchor Contractors, Inc. which the Court treated as having made Anchor and Myers either joint adventurers or partners for a single purpose. The Plaintiff in the Miller Act suit had contracted with Anchor Contractors, Inc. but gave no notice of its claim as required by the Miller Act of one having no "contractual relationship express or implied, with the contractor furnishing the payment bond." The Court noted that the Miller Act itself defines "contractor" for the purposes of the statute as the person for whom the bond is issued and then noted that the question presented was whether or not there was a contractual relationship with the "contractor furnishing the payment bond." The Court correctly held that since the claimant had no contractual relationship with Myers, the nature of the relationship of Anchor Contractors, Inc. with Myers was not relevant and therefore the Defendant was entitled to judgment since the claimant failed to give the notice.

The Court of Appeals in this case held that Ulhorn Construction Company, and Ulhorn International, S. A., the corporation, operated essentially as one entity and therefore, the Respondent did not need have a contractual relationship with a subcontractor and was not required to give notice. There is no law supporting such a proposition, and the Courts have **never** before held that a **person** and a **corporation** can be even by legal fiction the same entity. Such a unique and drastic innovation in the law requires the immediate attention of the Supreme Court to correct the grossest kind of error on the part of an intermediate court.

Regardless of the fact that it is impossible for Construc-

tion and International to be the same, Petitioner recognizes that in certain instances and for limited purposes, the separate corporate structure, created by statute, can be disregarded. The only case cited by the Appeals Court dealing with even a similar proposition involves a situation in which the Fifth Circuit allowed a corporate veil to be pierced. Although the basis of the court's decision in this case is not clear, giving the Court of Appeals the benefit of the doubt, it is assumed that it in effect held that the facts and circumstances that existed were sufficient to justify piercing of the corporate veil of Ulhorn International, S. A. and that Ulhorn Construction Company (the individual) was therefore liable for the debt of Ulhorn International, S.A. (the corporation). Even assuming that this was what the Court of Appeals was doing and what it meant, **its decision is clearly wrong.** Piercing a corporate veil to hold persons behind it responsible is clearly an equitable remedy to avoid injustice. It is a completely different legal theory from finding in law an actual mutual assent and consideration. This difference in legal theories was graphically illustrated by the Eighth Circuit in the case of **FARM SECURITY ADMINISTRATION'S DEPARTMENT OF AGRICULTURE** v **HERREN** (8th Cir., 1948) 165 F. 2d 554 was a Tucker Act suit on an alleged government contract since Plaintiff predicated its case on the theory that since the Farm Security Administration, as an agency of the government, took possession and managed the affairs of the Ashley Homestead Association, Inc., the Farm Security Administration was the real contracting party. The District Court in that case had disregarded the entity of the Ashley Homestead Association, Inc. but the Eighth Circuit reversed and held that the suit against the government was not authorized because a contract could not be created by merely disregarding one entity. In so holding the Court said:

> ". . . the fact that the Association was a duly and legally constituted separate corporate entity presents an insuperable obstacle to the imposition of liability on the United States. **Contrary to the theory of plaintiff's case, piercing the corporate veil of Ashley** to find it an instrumentality of the United States **does not support a finding of a contract, express or implied in fact,** with the United States. The principles governing the piercing of the corporate veil are broad equitable principles and it is not done by the courts in order to reach and impose liability upon someone who has agreed to pay either by actual promise or one implied in fact, but rather upon someone behind the contracting corporation who ought to pay but has avoided making any agreement to do so, express or implied in fact . . . The Court was required to recognize the separate existence of the Association as it was proven and such recognition does not tend to aid in the consummation of or sanction any fraud or wrong, but is in accord with the law." (Emphasis ours)

It is apparent from the foregoing that no matter how intermingled the affairs of Construction and International had been, no contract could thereby be created between Respondent and Construction, when Respondent's sole contract was with International. Even more glaring a wrong is apparent from the record here where **no evidence exists** which would in any event support piercing the corporate veil as far as construction itself is concerned. Even in a proper case statutory corporate entity it is essential to show three elements: (a) control, to the extent that the corporation had at the time no separate mind, will, or existence of its own, (b) abuse of the control to permit fraud or wrong, and (c) that abuse of the control proximately causing the injury complained of. **SIRMONS v ARNOLD LUMBER CO.** 167 So. 2d 588 (Fla., 1964); **ROUNDS & PORTER LUMBER CO. v**

BURNS, 216 Ark. 288, 225 S.W. 2d 1; **LOWENDAHL v BALTIMORE O.R. CO.**, 247 App Div. 144, 287 N.Y.S. 62, 76; **FISSER v INTERNATIONAL BANK** (2nd Civ. 1960) 282 F. 2d 231, **STEVEN v ROSCOE TURNER AERONAUTICAL CORPORATION** (7th Cir. 1963) 324 F. 2d 157. In this case it is apparent that not even one of these elements was proved so as to allow Respondent to reach behind the corporate veil to the alleged responsible part, if there was one. The record in this case does not ever record what connection, if any, W. B. Ulhorn had with Ulhorn International, S.A. Even if the facts had existed to allow that type of a piercing action, it would be manifestly unjust and a judicial abuse and misapplication of the equitable doctrine of piercing the corporate veil to reach behind the corporation and then out to the side of the person reached by such piercing to reach National Surety Corporation, an innocent third party.

The Court of Appeals has failed to apply applicable federal law to the questions presented in this case. It has also failed to follow the well-established rule of common law which requires that in order to have a contractual relationship, you must have mutual assent of all parties and that by piercing a corporate veil, you do not thereby create a contract between non-assenting parties. It is clear therefore, that the Court of Appeals' decision in this case is contrary to the Supreme Court's holding in MacEvoy, other intermediate court opinions, and the common law.

Petitioner thereupon prays that this Petition for Writ of Certiorari be granted and that the judgment of this circuit be reversed and for all costs of suit and for such other and further relief to which it may show itself justly entitled.

Respectfully submitted,
WILEY, THORNTON & PLUMB

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CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Petition for a Writ of Certiorari was mailed to Fred Munch, Attorney for Respondent, 500 Jefferson Bldg. Suite 609, Houston, Texas 77002, on this the 28th day of September, 1967, persuant to Rule 33.

Dayton G. Wiley

APPENDIX A

IN THE

United States Court of Appeals

For The Fifth Circuit

No. 22645

NATIONAL SURETY CORPORATION,
Appellant,

versus

THE UNITED STATES OF AMERICA for the use of WAY PANAMA, S.A.,
Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF THE CANAL ZONE

(May 31, 1967)

Before HUTCHESON, AINSWORTH and DYER, Circuit, Judges.

HUTCHESON, Circuit Judge: This appeal is from a judgment of the district court,[1] sitting without a jury, which allowed recovery by the use plaintiff Way Panama, S.A. (hereafter appellee) against National Surety Corporation (hereafter Surety) on a Miller Act[2] payment bond. Surety urges reversal on two grounds: (1) that appellee failed to give the statutory notice which purportedly was a condition precedent to recovery on the bond; and (2) that the suit is barred by the statute of limitations. We disagree with both contentions, and affirm the judgment.

1 238 F. Supp. 887 (D.C.Z. 1965).
2 49 Stat. 793 (1935), 40 U.S.C. 270a et seq.

William B. Uhlhorn, doing business as Uhlhorn Construction Company (hereafter Construction), entered into a contract with the Federal Aviation Agency (FAA) for the construction of a public building. In connection with that contract, Construction, as the prime contractor, caused Surety to issue a payment bond in behalf of all persons supplying labor and material to the project. In the performance of the contract, Construction employed the personnel and equipment of Uhlhorn International, S.A. (hereafter International), a corporation also controlled by Uhlhorn the individual. Appellee thereafter agreed to supply labor and materials to International for the consideration of approximately $178,000. Appellee performed its part of the agreement but received only partial payment from International; it brought suit against International and Surety for the balance. It was admitted that $23,000 was due and owing from International to appellee and an agreed judgment was entered against International alone for that amount. The only question is whether Surety may be held liable under the bond it issued to Construction for the amount owed by International to appellee.

Surety's first defense is that appellee cannot recover on the bond because it failed to give notice of its claim to the prime contractor, Construction, in accordance with the notice provision of the Miller Act, 40 U.S.C. Sec. 270b(a) which provides in pertinent part:

> "That any person having direct contractual relationship with a subcontractor but no contractual relationship express or implied with the contractor furnishing said payment bond shall have a right of action upon said payment bond upon giving written notice to said contractor within ninety days from the date on which such person did or performed the last labor or furnished or supplied the last of the material for which such claim is made."

The application and significance of this provision depend on International's relationship to Construction. For if, as Surety contends, appellee was dealing with a subcontractor when it dealt with International, then appellee would have been required to give the 90-day written notice of its claim to Construction, which appellee admittedly did not do. Appellee, on the other hand, argues that the notice provision does not apply under the circumstances of this case. This argument is grounded on the proposition that Construction and International did not stand in the relationship of prime contractor-subcontractor; rather, appellee asserts that the operations of Construction and International were so intermingled by Uhlhorn that they both must be viewed as one and the same business concern with whom appellee had dealt directly. The district court agreed, finding as a fact that "Uhlhorn Construction Company employed personnel, equipment, material, funds and the corporate entity of defendant Uhlhorn International, S.A., a corporation controlled by William Baynes Uhlhorn, **indiscriminately** with those of Uhlhorn Construction Company . . . ." 238 F. Supp. 890 (emphasis added). The court said it refused "to permit the prime contractor to escape his obligations and thus relieve his surety by the use of a corporation set up by him and used inextricably by him in the prosecution of the contract . . . ." 238 F. Supp. 892.

After careful review of the record, we are convinced there is ample evidence to support the findings and the judgment of the district court. There are several reasons why International should be considered the same entity as Construction and thus a prime contractor, rather than a subcontractor, with regard to the application of the notice provision. First of all, Uhlhorn himself caused Construction to assign the FAA contract to International; this assign-

ment, although made without the knowledge or consent of Surety, squarely placed International in the position of prime contractor. Furthermore, some applications for permits to import equipment or materials without duty purported that International was the general contractor. Moreover, various contracts with subcontractors executed by Uhlhorn refer to International as the "general contractor." Finally, stationery of both Construction and International was used interchangeably to make purchase orders with the name of one company blotted out and the name of the other substituted.

It is quite clear to us that William B. Uhlhorn operated in the form of Construction or International whenever it suited him. We conclude that with respect to the performance of the FAA contract the two concerns were operated essentially as one entity, namely, the prime contractor. See **Markow v. Alcock**, 356 F.2d 194, 197-198 (5th Cir. 1966); **United States for the use of Korosh v. Otis Williams & Co.**, 30 F. Supp. 590, 593 (D.Idaho 1939). Compare **United States for the use of Teichert & Son, Inc. v. Anchor Contractors, Inc.**, 257 F. Supp. 474 (N.D. Cal. 1966); **United States for the use of Westinghouse Elec. Supply Co.**, 125 F. Supp. 25 (D.Mass. 1954). Since appellee therefore did not have a contractual relationship with a subcontractor, the Sec. 270b(a) notice provision did not govern, and it was not necessary for appellee to give Construction the 90-day notice in order to recover on the bond from Surety.

With regard to the limitations defense, 40 U.S.C. Sec. 270b(b) provides that no suit hereunder "shall be commenced after the expiration of one year after the day on which the last of the labor was performed or material was supplied by him." Appellee filed its original complaint

against International on June 14, 1963, which was within a year from the date on which the last material was delivered and labor performed on June 15, 1962. However, Construction was not named in the original complaint. Not until appellee filed an amended complaint on July 30, 1964, was it alleged that International and Construction had been operated as a single entity. Surety insists that the statute of limitations had run on any complaint against Construction. Our conclusion that the two concerns must indeed be considered as a single operation forecloses this contention which is premised on the existence of two separate businesses operated as such.

The judgment was right. It is AFFIRMED.

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

NO. 22645

NATIONAL SURETY CORPORATION,
Appellant

VS.

UNITED STATES OF AMERICA, for the use of WAY PANAMA, S. A.,
Appellee

Appeal from the United States District Court
for the District of the Canal Zone

(July 5, , 1967)

On Petition for Rehearing

Before HUTCHESON, AINSWORTH and DYER, Circuit Judges.

PER CURIAM:

It is ORDERED that the petition for rehearing in the above entitled and numbered cause be, and it is hereby DENIED.

U. S. Court of Appeals
FILED
July 5, 1967
EDWARD W. WADSWORTH,
CLERK

IN THE

Supreme Court of the United States

October Term, 1967

NO. 663

NATIONAL SURETY CORPORATION, *Petitioner*

versus

THE UNITED STATES OF AMERICA for the use of WAY PANAMA, S.A., *Respondent*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION

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SUBJECT INDEX

	Page
Opinions Below	1
Terminology of Reply Brief	2
Question Presented	2
Counter Statement of the Case	3
Trial Court Findings of Fact	3
Fifth Circuit Findings	6
Reference to Trial Court and Exhibits	7
Argument	13
Summary	19
Conclusion	20
Certificate of Service	21

LIST OF AUTHORITIES

CASES	Page
American Cas. Co. of Reading v. Southern Materials Co. (C.A. Va. 1958), 261 F.2d 197	18
Boyd Callan, Inc. v. U.S. for use of Steves Industries, Inc. (C.A. Tex. 1964), 328 F.2d 505	16
City Trust, Safe Deposit & Surety Co. v. U.S. (N.Y. 1906), 147 F. 155	17
Coffee v. U.S. for use of Gordon (Fla. 1946), 157 F.2d 968	16
Fanderlik-Locke Co. v. U.S. (10th Cir. 1960), 285 F.2d 939, cert. den. 81 S.Ct. 826, 365 U.S. 860, 5 L.Ed.2d 823	16
Houston Fire & Cas. Co. v. U.S. for use of Trane Co. (5th Cir. 1954), 217 F.2d 727	18
Indemnity Ins. Co. of N.A. v. Browning Ferris Machinery Co. (5th Cir. 1955), 227 F.2d 804	16

CASES	Page
Pacific Am. Gasoline Co. of Texas v. Miller, Tex.Civ.App., 76 S.W.2d 833, wr.ref.	15
Standard Accident Ins. Co. v. U.S. for use of Powell (Fla. 1938), 58 S.Ct. 314, 302 U.S. 442, 82 L.Ed. 350	16
Sutton v. Regan & Gee (Tex.Civ.App., 1966), 405 S.W.2d 828, wr.ref. (Tex.Sup.Ct., no rev. error, 1967)	14, 16
U.S. for use of Davis v. Illinois Surety Co. (7th Cir. 1915), 226 F. 653, affd. 37 S.Ct. 614, 244 U.S. 376, 61 L.Ed. 1206	17
U.S. for use of Korosh v. Otis Williams & Co. (D.C. Idaho 1939), 30 F.Supp. 590	18
U.S. for use of Teichert & Son, Inc. v. Anchor Contractors, Inc., 257 F.Supp. 474 (N.D. Cal. 1966)	18, 19
U.S. for use of Westinghouse Elec. Supply Co., 125 F.Supp. 25 (D. Mass. 1954)	19

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BRIEF OF RESPONDENT IN OPPOSITION

OPINIONS BELOW

Petitioner has correctly submitted the opinions of the District Court and the Court of Appeals for the Fifth Circuit with reference to the above cause.

TERMINOLOGY OF REPLY BRIEF

For brevity and clarity, the Petitioner, National Surety Corporation, (a defendant and Appellant below) is hereinafter referred to as "Surety". The Respondent, The United States of America for the use of Way Panama, S.A., (plaintiff and Appellee below) is hereinafter referred to as "Way". Surety's co-defendant in the trial below, Uhlhorn International, S.A., is hereinafter referred to as "Uhlhorn, S.A." William Uhlhorn, an individual d/b/a Uhlhorn Construction Company, is hereinafter referred to as "Uhlhorn". The United States Court of Appeals for the Fifth Circuit is hereinafter referred to as "Fifth Circuit".

Reference to the Printed Record or Transcript of the case below will be (T), with the appropriate page number in such parenthesis. Reference to Surety's Appellant Brief in the Fifth Circuit will be (Sur Br), and reference to Surety's Petition herein will be (Pet), with appropriate page numbers in the blank therefore.

QUESTION PRESENTED

The seven numbered aspects (Pet 2) of the sole question before this Court can be more easily resolved if they are considered in the light of the following proposition which includes the salient facts omitted by the Petitioner:

> Where Uhlhorn, the general or prime contractor on the project, upon whose bond Surety is obligated to pay all persons supplying him with labor and materials, made an assignment of his contract rights to Uhlhorn S.A., with whom Way contracted under the express written representation by Uhlhorn, President of Uhlhorn, S.A., that Uhlhorn, S.A. was the general contractor, and for whom Way provided the

materials and labor on the project, and where such assignee, with the active joint participation of the prime contractor, performed all the functions of the prime contractor on the project, engaged and contracted in its own name with all sub-contractors, made all disbursements, kept the time records, prepared and submitted records in the name of the prime contractor to the Federal Agency, received the funds consigned by the Federal Agency to the prime contractor and applied such funds to assignee's own bank account, the acts and obligations of Uhlhorn S.A. were those of the prime contractor, and Way can recover therefor against the bond surety, without giving notice under the Miller Act to any one else.

COUNTER STATEMENT OF THE CASE

Since it is Respondent's contention herein that there is no special or important reason for review of this matter, and that in view of the abundant evidence before the trial court and appellate court, upon which their determinations were based, and which in turn make it clear that their decisions are not in conflict with the decisions of other federal courts, it is essential that the incomplete and misleading statement of the case by Surety (Pet 4) be fully controverted and supplemented. To that end, Way adopts by reference and respectfully refers this Court to the trial court's version. (T 275-278).

The trial court made the following findings of fact which are not disputed by Surety and which were further found by the United States Court of Appeals for the Fifth Circuit: (Pet Appendix A, 15, 16 & 17).

"Findings of Fact

1. The use plaintiff, Way Panama, S.A., is a corporation organized and existing under the laws of

Panama and at all times pertinent to the cause of action was licensed to do business in the Canal Zone.

2. The defendant, Uhlhorn International, S.A., is a corporation organized and existing under the laws of Panama and at all times pertinent to the cause of action was licensed to do business in the Canal Zone and maintained an office and property within the Canal Zone.

3. The National Surety Corporation is a corporation duly organized and existing under the laws of the State of New York and was licensed to do business in the Canal Zone at all times pertinent to the cause of action.

4. William Baynes Uhlhorn, doing business as Uhlhorn Construction Company, was awarded a contract by the Federal Aviation Agency entitled FA-2-1578 for the construction of the International Flight Service Station/ARTCC Building at Balboa, Canal Zone.

5. In connection with the contract mentioned, William Baynes Uhlhorn, an individual doing business as the Uhlhorn Construction Company, caused the National Surety Corporation on June 28, 1960 to issue a payment bond binding the National Surety Corporation in the penal sum of $313,454.10 for the prompt payment to all persons supplying labor and material in the prosecution of the work provided for in the said contract.

6. In the prosecution of the work in the contract, Uhlhorn Construction Company employed personnel, equipment, material, funds and the corporate entity of defendant Uhlhorn International, S.A., a corporation controlled by William Baynes Uhlhorn, indiscriminately with those of Uhlhorn Construction Company and even attempted to assign the contract to the defendant Uhlhorn International, S.A. The attempted assignment was made without the knowledge

or consent of defendant National Surety Corporation or the Federal Aviation Agency.

7. Defendant, Uhlhorn International, S.A., in the prosecution of the work under FA-2-1578 issued a Purchase Order numbered 61-100-16 on December 13, 1960 to use plaintiff under which use plaintiff furnished labor, material and equipment to the project which totaled, when change orders and revisions executed May 9, 1961 and October 2, 1962 were included, the sum of $178,884.37.

8. There is still due and owing plaintiff under the terms of the Purchase Order and change orders the sum of $23,117.92. Judgment has been entered against the defendant, Uhlhorn International, S.A., for this amount dated March 4, 1964. The figure was arrived at by agreement of counsel at pretrial conference and no proof was heard as to the amount of the claim.

9. The original complaint beginning the suit was filed on June 14, 1963 and the amended complaint was filed on July 30, 1964.

10. Work under the Purchase Order was done and materials were supplied by use plaintiff as late as August 6, 1962, the date of the departure of Robert L. Behrend, Resident Engineer representing FAA. Work continued for some time thereafter for on the departure date work was in progress and the final air balancing had not been performed nor the smudge rings installed. All work had been done and materials furnished however for more than one year before the filing of the amended complaint.

11. No written notice was given by use plaintiff to William Baynes Uhlhorn, an individual, nor Uhlhorn Construction Company; nor Uhlhorn International, S.A. before the expiration of a period of ninety days after the day on which the last labor was done or material furnished as provided in the Miller Act

(Title 40, U.S.C.A., Section 270 b) for persons dealing with a sub-contractor."

The Fifth Circuit opinion reinforces the same fact findings as follows:

"In the performance of the contract, Construction (Uhlhorn) employed the personnel and equipment of Uhlhorn International, S.A. (Pet Appendix 15)"
* * *

"After careful review of the record, we are convinced there is ample evidence to support the findings and the judgment of the district court. There are several reasons why Uhlhorn International, S.A. should be considered the same entity as Uhlhorn Construction Company and thus a prime contractor, rather than a subcontractor, with regard to the application of the notice provision. First of all, Uhlhorn himself caused Uhlhorn Construction Company to assign the FAA contract to Uhlhorn International, S.A. This assignment, although made without the knowledge or consent of Surety, squarely placed Uhlhorn International, S.A. in the position of prime contractor. Furthermore, some applications for permits to import equipment or materials without duty purported that Uhlhorn International, S.A. was the general contractor. Moreover, various contracts with subcontractors executed by Uhlhorn refer to Uhlhorn International, S.A. as the "general contractor". Finally, stationery of both Uhlhorn Construction Company and Uhlhorn International, S.A. was used interchangeably to make purchase orders with the name of one company blotted out and the name of the other substituted.

It is quite clear to us that William B. Uhlhorn operated in the form of Uhlhorn Construction Company and Uhlhorn International, S.A. whenever it suited him. We conclude that with respect to the per-

formance of the FAA contract the two concerns were operated essentially as one entity, namely, the prime contractor." (Pet Appendix 16 & 17, with correct relevant names substituted).

In support of the findings of the trial court and Fifth Circuit, Way refers the Court to the relevant evidence from the Printed Record and the additional original exhibits, now filed in this Court for the purposes of this hearing, as follows:

Uhlhorn made the prime contract with the FAA for Project FA-2-1578. He signed the contract as owner of Uhlhorn Construction Company. (Def Ex 2).

Uhlhorn S.A. made the contract with Way for its part of Project FA-2-1578. Uhlhorn signed as president of Uhlhorn S.A. (Def Ex 1). This contract identifies Uhlhorn S.A. as the "General Contractor".

Paragraph 5 of Way's Original Complaint (T 2) alleged:

"That in connection with the contract mentioned in paragraph "4". hereof defendant, Uhlhorn International S.A. caused surety defendant, National Surety Corporation to issue a payment bond binding each defendant herein unto the sum of Three Hundred Thirteen Thousand Four Hundred Fifty Four and 10/100 Dollars ($313,454.10) for the prompt payment of all persons supplying labor and materials in the prosecution of the work mentioned. A copy of said bond shall be offered at the trial of this action."

Both Defendants filed a joint answer to that complaint, which stated (T 5) as follows:

"Defendants admit the allegations contained in paragraph 5 of the complaint."

Paragraph 5 of Way's Amended Complaint (T 23) alleged:

> "That in connection with the contract mentioned in paragraph "4" hereof Uhlhorn Construction Company caused surety, defendant, National Surety Corporation to issue a payment bond binding the said defendant, National Surety Company unto sum of $313,454.10 for the prompt payment of all persons supplying labor and material in the prosecution of the work mentioned."

Surety's Answer (T 26) thereto, says:

> "The allegations contained in paragraph five of plaintiff's amended complaint are admitted."

Surety's and Uhlhorn S.A.'s attorney developed the following testimony of Mrs. Sampson, the former employee of Uhlhorn S.A., who was in charge of its office and who was conceded by Surety's counsel to have custody and possession of the records of Uhlhorn S.A. (T 102). She was the accountant for Uhlhorn S.A. from the very beginning, kept all of the books and records and entries of payments and disbursements, (T 147). Uhlhorn S.A. made all the disbursements on the contract, and gave Uhlhorn $17,000.00 for the rights in that contract, which transaction she entered in the books (T 148) as the assignment by Uhlhorn of the contract to Uhlhorn S.A. and payment therefor by Uhlhorn S.A. In the preparation of wage records for submission to the FAA, by Uhlhorn, she used information from the timekeeper in the field (T 149). She obtained the weekly payrolls from the subcontractors, such as Way, for the prime contractor and "the company then in turn incorporated these weekly payrolls and submitted them together with its payrolls to

the FAA." This was the obligation of the prime contractor (T 151). Way's payroll records were obtained and kept by Uhlhorn S.A., from whose files they were produced [(T 155) Plaintiff's Exhibit K; Defendant's Exhibits 3, 4 & 5, (T 156)].

Further testimony and evidence in the record is as follows:

> Plaintiff's Exhibit I produced from the files of Uhlhorn S.A. (T 150) contains 10 permits obtained from the FAA on Project FA-2-1578. These are issued in response to applications made on behalf of a contractor or subcontractor for the privilege of importing equipment or materials without duty (T 140). The applications were made by Uhlhorn Construction Company (T 110). Plaintiff's Exhibit I-10 shows the general contractor to be "W. B. Uhlhorn International, S.A." which commingles the name of the prime contractor and Uhlhorn International S.A. The balance of such applications and permits indicate W. B. Uhlhorn Construction Company is the contractor, do not anywhere list Uhlhorn International, S.A., as a subcontractor, but do on Plaintiff's Exhibits I-6 and I-8 show Way as a subcontractor of W. B. Uhlhorn Construction Company. On each of such applications the contractor's address is Box 611, Balboa, Canal Zone.
>
> Exhibit J, introduced without objection (T 118) and also stipulated to (T 116, 117, 118) by counsel for Surety and Uhlhorn S.A., is a file containing all the purchase orders and subcontracts on Project FA-2-1578 (T 114, 118) except for Defendant's Exhibit 1 (T 118, 119). As Surety's counsel said in his stipulation, "the records in Exhibit J speak for themselves . . . the documents themselves show what they purport to show".

The original papers of Exhibit J have been forwarded to this Court as a part of the record. Bulky as it is, examination will show the following:

1. Purchase orders on yellow forms of Uhlhorn S.A. P. O. Box 611, Balboa, Canal Zone.

2. Purchase orders on yellow forms of Uhlhorn Construction Company, with name blocked out and name and address of Uhlhorn S.A. substituted.

3. Purchase orders of each company bearing typed name or signature of W. B. Uhlhorn in lower right corner.

4. Bid from Masten-Wright Corporation to Uhlhorn Construction Co. with attached corresponding purchase order from Uhlhorn S.A., signed by W. B. Uhlhorn.

5. Subcontracts between Uhlhorn International, S.A. referring to it as the "general contractor" and *executed by W. B. Uhlhorn as President,* with the following sub-contractors:

H. I. Horne Co.—dated 9-26-60.

Vent Vue, S.A.—dated 9-26-60, with attached revision of Oct. 2, 1962, signed for Uhlhorn S.A. by "Reyburn L. Brown, Project Mgr."

Francisca Antonio Mariega—dated Jan. 28, 1962. (This contract, over the signature of W. B. Uhlhorn, recites that Uhlhorn, S.A.—the contractor —has entered into a contract of June 28, 1960, with Federal Aviation Agency for erection of ARTCC/IFSS Bldg. (See Defendant's Exhibit 2 —same contract).

J. Company E. Hijos, S.A.—dated June 28, 1960. (Same recitations as Mariega contract—above), signed for Uhlhorn S.A. by Tommie Carroll.

Standard Contractors, Inc.—dated 9-26-60, with attached bid from Standard Contractors of April

5, 1961 to W. B. Uhlhorn Construction Co.—Box 611, accepted for W. B. Uhlhorn Const. Co., 4-5-61, by Reyburn L. Brown, and corresponding pink purchase order from Uhlhorn S.A. "as per your quotation accepted by Reyburn L. Brown, Project Manager", and with attached contract revision signed for Uhlhorn International S.A. by Reyburn L. Brown, Project Manager.

Phillipine Rattan Furniture, Inc. — dated 4-5-61 (same recitations as Mariega & J. Co. de Higos —above) signed by Travis J. Wallace for Uhlhorn S.A., with attached bids to "W. B. Uhlhorn Construction Co.", dated 3/29/61 and 3/17/61.

Carlos M. Calero—dated 2-13-61.

L. H. Sommers—dated 2-22-60. (attached revision of 10-2-60 signed for Uhlhorn S.A. by Reyburn L. Brown, Project Manager.—Also revision of 5-9-61 from Uhlhorn S.A.—*signed by W. B. Uhlhorn,* with name of W. B. Uhlhorn Construction Corporation blocked out.)

Case International de Panama—dated 9-22-60.

Sebauste and Sebauste Cia — dated 9-17-60. (To this contract of Uhlhorn S.A. is attached purchase order of Uhlhorn Construction Co., 9-17-60, *signed by W. B. Uhlhorn.*)

Sebauste and Sebauste and Cia — dated 9-23-60, with attached purchase order of 9-23-60 from Uhlhorn S.A. or Uhlhorn Construction Co.—yellow form—name blocked out—and *signed for Uhlhorn by W. B. Uhlhorn.*

There are no other contracts, subcontracts or purchase orders in Plaintiff's Exhibit J between Uhlhorn Construction Company (or W. B. Uhlhorn) and Uhlhorn S.A.

6. Purchase order (green) of Uhlhorn Construction Co., Harlingen, Texas, dated 12-27-61 by "C. H. Turner" to Harrischfeger Corporation.

7. Purchase order (pink and green) of Uhlhorn S.A. signed by C. H. Turner: To Yarborough's Inc., dated 2-2-1962; to Hurricane Fence Co., dated 1-30-62; to Alamo Iron Works, dated 1-12-62; to Plowden Supply Co., dated 1-9-62; to Sika Chemical Corporation, dated 1-8-62, and 1-6-61; to Otto Dukes Co., dated 3-21-62 and 2-28-62; to Otto Dukes Machinery Co., dated 2-28-62; to National Gypsum Co., dated 3-6-62.

8. Purchase order (green) on form of Uhlhorn International Co. to Sika Chemical Corporation, dated 11-6-61, but signed Uhlhorn Construction Co. by C. H. Turner.

9. Purchase order (pink) of Uhlhorn Construction Co. to Sonneborn Brothers, Inc., dated 5-22-61, signed by W. B. Uhlhorn for material to be delivered to Uhlhorn S.A.

10. Purchase order (green) of Uhlhorn Construction Co. form (name blocked out) dated 3-23-61 to Palmer Building Supplies from Uhlhorn S.A., materials and equipment to be consigned to Uhlhorn Construction Co.

11. Pedidos (Orders—pink) to Brett R. Patton from W. B. Uhlhorn Construction Co., dated April 3, 1961, 2-6-61 and 3-21-61, OK'd by "Rey Brown". The latter signed for Uhlhorn Construction by Rey L. Brown.

12. Wire from Way to Uhlhorn S.A., attention W. B. Uhlhorn, dated 3-17-61.

13. Purchase order (tan form of Uhlhorn International S.A.) signed W. B. Uhlhorn to Way—dated Oct. 13, 1960.

14. Revision No. 2 to subcontract No. 61-1000-16 between Way Panama, S.A. and Uhlhorn S.A. signed by Reyburn L. Brown, Project Mgr. and dated Oct. 2, 1962.

15. *Revision #1 of Way sub-contract by Uhlhorn S.A. signed by W. B. Uhlhorn,* dated 5-9-61.

It is not clear to Way's appellate counsel whether all of the file marked K, in which Defendant's Exhibits appear, is in evidence, though treated as part of the record. (T 131, 149, 150, 151, 152, 165, 297). If so, it appears therefrom that Reyburn L. Brown is listed as Project Manager of W. B. Uhlhorn Construction Company for payrolls 1 through 7, and also as Project Manager for Uhlhorn International S.A. on Addition to Payroll 7.

ARGUMENT

The trial court and the Fifth Circuit correctly applied the provisions of the Miller Act to the evidence before it in holding that Respondent was not required under such Act to give notice to Uhlhorn individually, since by his own acts he had inextricably entwined his individual identity with his corporate alter ego, Uhlhorn, S.A., which he expressly represented to Respondent and others was the *prime* contractor, and Uhlhorn and his surety were estopped by the acts and representations of Uhlhorn and his employees and representatives to urge that Uhlhorn individually as a prime contractor was entitled to written notice from Respondent of Respondent's claim.

Respondent knows of no decisions of any United States Circuit Court of Appeals which conflict with that in the cause below, upon the evidence before the Court, and

submits there is no special or important reason why this cause, under the undisputed facts, needs further review, since the decisions below are consistent with well known principles of equity and the statutory law.

It is clear that Uhlhorn as president of Uhlhorn, S.A. (whom he induced Way to believe was the general or prime contractor on the contract, as expressly represented by Uhlhorn), was at all times on notice or in position to know the exact status of the account due Way, and required no further notice thereof.

Surety in its Reply Brief, filed in the Fifth Circuit, strongly relied upon the Texas case of *Sutton v. Reagan & Gee* (Texas Civ. App., 1966), 405 S.W.2d 828 (writ of error refused by Texas Supreme Court, no reversible error, 1967), which Way agrees graphically sets out grounds for imposing liability upon the appropriate party who seeks to hide behind a corporate veil.

At pages 836, 837, Judge Carlos Cadena set out these grounds or elements as follows:

> "It is a basic rule of law of corporations that the shareholder is ordinarily insulated from personal liability arising from the activities of the corporation. This insulation from personal liability is said to be the natural consequence of the incorporation process, and is supported by the theory or "fiction" that incorporation results in the creation of an "entity" separate and distinct from the individual shareholders. But the courts have not allowed this concept of a separate entity, useful though it may be in facilitating the achievement of results considered economically desirable, to allow individuals to make use of the corporate form in order to engage in conduct and bring about results which are considered to be in

violation of important principles of public policy. In certain cases, the courts, in order to deny insulation from liability, will "disregard" the "corporate entity" which they themselves have created or, speaking more colorfully, will "pierce" the corporate "veil" which the courts have made available to shareholders for use as a shield from personal liability.

In Pacific American Gasoline Co. of Texas v. Miller, Tex. Civ. App., 76 S.W.2d 833, wr.ref., it was said that the corporate form will be disregarded (1) where it is used as a medium for the perpetration of fraud; (2) where the corporation is organized or conducted as the mere "tool" or "business conduit" of another corporation; (3) where resort is made to the corporate fiction in order to avoid an existing legal obligation; (4) where the corporate form is used to achieve or perpetuate monopoly; (5) where the corporate structure is used as a vehicle for circumventing a statute; or (6) where the fiction is invoked in order to protect crime or justify wrong.

The opinions are replete with statements to the effect that the shareholder will be held liable where he "dominates" the corporation; or where the corporation is a "subterfuge", or "mere creature" or "mere instrumentality" of the shareholder; or where it is a "dummy", "alter ego", "sham", "tool", "buffer", "business conduit", "agent", etc. of the shareholder * * *

* * * Whether or not a shareholder will be insulated from personal liability should depend on the use, or misuse, which that shareholder is making of the corporate form. The only shareholders who should be held personally liable are those who have used the corporation to bring about results which are condemned by the general statements of public policy which are enunciated by the courts as "rules" which determine whether the courts will recognize their own child * * *"

Way submits that the evidence above detailed, and the trial court and Fifth Circuit findings therefrom, clearly and fully supply the elements or grounds which *Sutton v. Reagan & Gee*, and many other decisions, rely upon in imposing liability upon the real party who brings about such circumstances, then attempts to avoid them by a corporate cloak.

The purpose of the Miller Act is to provide security for those who furnish labor and material in the performance of government contracts, and a liberal construction should be given to accomplish this purpose. *Fanderlik-Locke Co. v. U. S., supra*, P. 940, 941; *Indemnity Ins. Co. of N. A. v. Browning Ferris Machinery Co.* (5th Cir. 1955), 227 F.2d 804; *Boyd Callan, Inc. v. U. S. for use of Steves Industries, Inc.* (C.A. Tex. 1964), 328 F.2d 505; *Standard Accident Ins. Co. v. U. S. for use of Powell* (Fla. 1938), 58 S.Ct. 314, 302 U.S. 422, 82 L.Ed. 350; *Coffee v. U. S. for use of Gordon* (Fla. 1946), 157 F.2d 968.

Surety contends (Sur Br 25) that the assignment to Uhlhorn, S.A. was void, relying upon the provisions of Title 40 U.S.C.A. sec. 15, which was repealed Oct. 31, 1951 c. 654, § 1 (80), 65 Stat. 704. If the assignment was void, then Way was dealing with Uhlhorn when he made the agreement with Way for Uhlhorn S.A.

Where the prime contractor's assignment did not damage the surety on his bond, no creditor of the contractor is estopped from asserting his rights against the surety;

"There is no substantial difference in the legal relation, and therefore none in the rights, of materialmen dealing with a subcontractor and those dealing with an assignee, if the assignment has not been sanctioned by the gov-

ernment. From the standpoint of the materialmen, such an assignment is, in effect, but a subletting; the original contract remains in full force; the original contractor is still responsible for the undertaking.

It follows, therefore, that all of the claimants who supplied material or labor for the work covered by the contract, either to the original contractor or to the assignee, and whether with or without knowledge of the assignment, were entitled to the full benefit of the bond, the statutory substitute for a lien, unless by some act of his own, one or the other claimant may have released or waived or may be estopped from asserting his right." *U. S. for use of Davis v. Illinois Surety Co.* (7th Cir. 1915), 226 F. 653 (P 660), affirmed 37 S.Ct. 614, 244 U.S. 376, 61 L.Ed. 1206.

A surety on a bond of a partnership as prime contractor is not released from liability thereon for the claim of one who supplied labor or materials in the prosecution of the work because of the fact that other persons were associated with the firm as partners in carrying out the contract. *City Trust, Safe Deposit & Surety Co. v. U. S.* (N.Y. 1906), 147 F. 155.

By signing the contract, purchase order, and revision with Way, as President of Uhlhorn, S.A., the contractor, Uhlhorn, expressly and impliedly authorized Uhlhorn, S.A. to make such agreements for him.

A contractor for public work can waive the 90-day notice required prior to action on the contractor's bond, especially if he has all the information which the notice would otherwise give him, or deals directly with those who might otherwise be expected to give notice, and if he impliedly assumes subcontractors contract, directs work,

and promises payment to those doing work if they will continue, his liability becomes fixed, and his surety's liability is co-extensive with his. The 90-day notice contemplated is to the contractor, not the surety. *U. S. for use of Korosh v. Otis Williams & Co.* (D.C. Idaho 1939), 30 F. Supp. 590.

Any person having a direct contractual relationship with a subcontractor and also having a contractual relationship, express or implied, with the contractor furnishing the payment bond, has a right to sue upon the bond without being required to give written notice within the 90-day period. *American Cas. Co. of Reading v. Southern Materials Co.* (C.A. Va. 1958), 261 F.2d 197.

It is sufficient that there exists a writing from which, in connection with oral testimony, it plainly appears that the nature and state of the indebtedness was brought home to the general contractor, and when this appears, the object of Title 40 U.S.C.A. sec. 270b, to assure the contractor will have notice, is attained, and the section is sufficiently complied with. *Houston Fire & Cas. Co. v. U. S. for use of Trane Co.* (5th Cir. 1954), 217 F.2d 727.

The Fifth Circuit, in concluding that, with respect to the FAA contract, the proprietorship, W. B. Uhlhorn Construction Company and Uhlhorn International, S.A., were operated essentially as one entity, namely, the prime contractor, referred to the following cases involving claims against a prime contractor or its surety: *Markow v. Alcock,* 356 F.2d 194, 197-198 (5th Cir. 1966); *United States for use of Korosh v. Otis Williams & Co.,* F. Supp. 590, 593 (D. Idaho 1939, and compared the decisions of *United States for the use of Teichert & Son, Inc. v. Anchor Contractors, Inc.,* 257 F.Supp. 474 (N.D. Cal.

1966); *United States for the use of Westinghouse Elec. Supply Co.*, 125 F. Supp. 25 (D. Mass. 1954). (Pet Appendix 17).

SUMMARY

The above cited testimony and evidence before the Court without valid objection, and the above cited authorities, make it clear that Uhlhorn combined and commingled his activities, employees, equipment, material and funds as prime contractor with Uhlhorn International S.A., of which he was President, whose personnel were intermingled and joint with his, to which he personally assigned the contract, and which he personally held out to sub-contractors as the general contractor and as having "entered into a contract dated June 25, 1960 with Federal Aviation Agency . . . for the erection . . . of ARTCC/IFSS Building, Balboa . . .," as did other officers of Uhlhorn S.A., which, by the assignment as well as its combined acts with Uhlhorn, became the prime contractor with him, was no more than an alternate guise or cloak of the prime contractor, who used its name and firm as a part of his organization and his alter ego. Since, as the Trial Court and Fifth Circuit found, Uhlhorn and Uhlhorn, S.A. conducted themselves in a joint venture as an entity and as the prime contractor, who expressly and impliedly contracted with Way, there was no subcontractor dealing with Way, and, in order to sue on the bond of Surety, Way was not required to give a 90-day notice to Surety under the provisions of Title 40 U.S.C.A. sec. 270 b. Since the prime contractor, W. B. Uhlhorn, signed the contract with Way himself, and its revision May 8, 1961 (Pl Ex J), and also signed the purchase order to Way, he had written notice of its contract and claim for

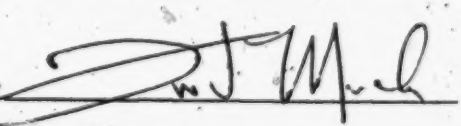
materials and services at all times material. It is clear also that the prime contractor consented to have Uhlhorn International S.A. act on his behalf and in his stead, and that Uhlhorn S.A. consented so to act and did so.

Whatever theory the Trial Court relied upon, assignment, agency, commingling, piercing the corporate veil, et cetera, the evidence bears out the requirements of the Miller Act, that Way had an express or implied in fact contractual relationship with the prime contractor, dealt directly with him and his representatives, and need give him no further notice before recovering against Surety on its bond under the Miller Act, 40 U.S.C.A. sec. 270 b (a).

CONCLUSION

For the foregoing reasons, the petition for writ of certiorari should be denied. Respondent prays for such ruling; that the judgment of the United States Court of Appeals for the Fifth Circuit be sustained; for costs and for such other relief to which it is entitled.

Respectfully submitted,

By: 

FRED MUCH
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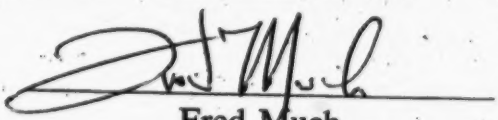
Houston, Texas 77002

Attorney for Respondent.

CERTIFICATE OF SERVICE

I hereby certify that service of the foregoing Brief of Respondent in Opposition to the Petition on Writ of Certiorari was made upon Petitioner's Attorney of Record by mailing a copy thereof, postage prepaid, to Dayton G. Wiley; Wiley, Thornton & Plumb; 10th Floor, Kallison Tower Building; 1222 North Main Avenue; San Antonio, Texas 78205, on November 22, 1967.



Fred Much